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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**APPLICATION IN LIEU OF A MOTION IN
SUPPORT OF ENTRY OF THE STIPULATION AND
AGREED ORDER BETWEEN CERTAIN STATE GOVERNMENTAL
REGULATORY CLAIMANTS AND DEBTORS TO FOREGO
RECEIVING DISTRIBUTIONS FROM DEBTORS' BANKRUPTCY ESTATES**

TO: THE HONORABLE CHIEF JUDGE MICHAEL B. KAPLAN UNITED STATES
BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY:

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965); and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 100 Horizon Center Blvd., 1st and 2nd Floors, Hamilton, NJ 08691.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this application in lieu of motion (the “Application”), pursuant to Local Rule 9021-1(b) of the Local Rules of the United States Bankruptcy Court for the District of New Jersey (the “Local Rules”), seeking approval and entry of the proposed *Joint Stipulation and Agreed Order Between Certain State Governmental Regulatory Claimants and Debtors to Forego Receiving Distribution from Debtors’ Bankruptcy Estates* (the “Proposed Agreed Order”),² a copy of which is attached hereto as Exhibit A, and respectfully state as follows:

1. On November 28, 2022 (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description of the Debtors, their businesses, and the facts and circumstances supporting the Debtors’ Chapter 11 Cases are set forth in greater detail in the *Declaration of Mark A. Renzi in Support of Debtors’ Chapter 11 Petitions and First-Day Motions* [Docket No. 17], incorporated by reference herein.

2. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 29, 2022, the Court entered an order [Docket No. 42] authorizing procedural consolidation and joint administration of these Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). On December 21, 2022, the United States Trustee for the District of New Jersey appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “Committee”) [Docket No. 130].

3. This Application is submitted pursuant to Local Rule 9021-1(b) in lieu of a motion in support of the Debtors’ request that the Court enter the Proposed Agreed Order as presented.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Proposed Agreed Order.

4. The Plan, filed on August 3, 2023, provides for the State Governmental Regulatory Claims, if Allowed, to be subordinated to Account Holder Claims, General Unsecured Claims, and Intercompany Claims pursuant to sections 726(a)(4) and 1129(a)(7) of the Bankruptcy Code.

5. The State Governmental Regulatory Claimants dispute the subordination of their State Governmental Regulatory Claims and assert that such claims are general unsecured claims that should be treated *pari passu* with Account Holder Claims, General Unsecured Claims, and Intercompany Claims.

6. Pursuant to the Proposed Agreed Order, the Debtors will classify the State Governmental Regulatory POCs as general unsecured claims in new Class 17, and the State Governmental Regulatory Claimants consent to the Debtors making distributions to holders of Allowed Claims in the Debtors' Chapter 11 Cases without making such distributions to the State Governmental Regulatory Claimants on account of the State Governmental Regulatory POCs, or reserving cash available for such distribution on account of the State Governmental Regulatory POCs, until payment in full of all other Allowed Claims in Classes 1, 2, 3, 4, 11, and 16.

7. Except as stated in paragraph 5 above, the State Governmental Regulatory Claimants retain all rights with respect to the State Governmental Regulatory POCs, including the right to amend the State Governmental Regulatory POCs. The Debtors retain all objections and defenses to the State Governmental Regulatory POCs.

8. This Application and the Proposed Agreed Order shall continue to remain in full force and effect with respect to any amended Plan; *provided* that the classification and treatment of Allowed Claims in Classes 1, 2, 3, 4, 11, and 16 shall remain substantially the same as in the Plan.

9. The Parties have agreed to the terms of the attached Proposed Agreed Order.
10. Additional state governmental regulatory claimants can become party to the Proposed Agreed Order by signing the joinder attached thereto.
11. The Debtors submit that the Proposed Agreed Order is in the best interest of the Debtors and their estates.
12. No prior request for the relief sought in this Application has been made to this Court or any other court.

Notice

13. The Debtors will provide notice of this Application to the following parties and/or their respective counsel, as applicable: (a) the office of the U.S. Trustee for the District of New Jersey; (b) the Committee; (c) the United States Attorney's Office for the District of New Jersey; (d) the Internal Revenue Service; (e) the U.S. Securities and Exchange Commission; (f) the attorneys general in the states where the Debtors conduct their business operations; (g) the State Governmental Regulatory Claimants; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors request that the Court enter the Proposed Agreed Order, in substantially the form submitted herewith, granting the relief requested herein and such other relief as is just and proper under the circumstances.

Dated: September 18, 2023

/s/ Michael D. Sirota

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